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**A contested good?
Understanding private higher
education in South Africa**

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Guest editors: Glenda Kruss and Andre Kraak

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A comparative perspective on public and private higher education in Latin America and South Africa

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Abstract

Private higher education has been growing in South Africa, leading to intense concerns about its possible positive and negative effects in the fulfillment of broader goals. This article provides a comparative perspective, examining the experiences of Latin American countries. It first examines the impact of the private sector on issues of access, equity, extension work, research and the provision of educated manpower for the new economy, and then looks at issues of regulation and convergence. Since most private higher education in the Latin American region takes place with few investments and catering to less affluent students, the article discusses the possible relevance of this kind of education and the experience of public agencies in regulating it. The article concludes that the private sector plays a useful role, but that it cannot replace public institutions. There is some convergence between the public and private sector, but they will continue to co-exist and perform different functions.

Introduction

The growth of private higher education in South Africa has led to intense concerns among policy makers, participants and observers of the higher education environment. South Africa's 1997 White Paper on higher education mentions several problems associated with unrestrained competition and profit-driven higher education:

... lack of institutional focus and mission incoherence; rampant and even destructive competition in which historically advantaged institutions could reinforce their inherited privileges; unwarranted duplication of activities and programmes; exclusive focus on 'only' paying programmes; excessive marketisation and commodification with little attention to social and educational goals; and insufficient attention to quality (DoE, 1997, [online]).

This is not, however, a stand against competition, or against private higher education *per se*. The *National Plan for Higher Education* states that:

... the Ministry welcomes competition that promotes innovation and enhances quality. However, competition between institutions must be regulated within a national framework that promotes and facilitates the sustainability of the higher education system. Furthermore, the burgeoning private higher education sector requires more stringent regulation to ensure that it complements the public sector and contributes to the overall human resource needs of the country (DoE, 2001, [online]).

It would be presumptuous, coming from Latin America, to tell South Africans how they should deal with these issues. Latin American higher education has its own problems of quality, equity and focus, and the relationships between private education and the public sector has been often contentious. At the same time, however, Latin American countries have been dealing with issues of private education for a long time, and their experiences may serve as a backdrop against which to discuss a set of broad issues that concern us all (Levy, 1986; Wolff, Gonzáles, & Navarro, 2002).

Functions of public and private higher education

The White Paper states that the role of higher education should be "to redress past inequalities and to transform the higher education system to serve a new social order, to meet pressing national needs, and to respond to new realities and opportunities" (DoE, 1997, [online]). The question of how to maintain a higher education system attuned to the public good has been a matter of great concern (Jonathan, 2001). How have Latin American countries dealt with these functions? What roles have been played by public and private institutions? To what extent can we generalise from these experiences?

"To redress past inequalities" – equity, social conditions and discrimination

In Latin America, as in South Africa, inequity has strong ethnic, cultural and economic components. No country in the region has had the experience of explicit apartheid, but differences in wealth, occupation opportunities and access to education in many countries are strongly correlated with ethnic and cultural origins. Access to education of native, black and mixed-blood persons in Latin America is often worse than it was in South Africa during apartheid.

Latin American countries became independent early in the nineteenth century, and adopted the principles of formal democracy. Despite this, the social inequity established by colonial occupation, slavery, and plantation economies developed and grew. Black or native persons were not prevented from entering higher education by rules, but by their lack of resources and cultural capital. Latin American universities remained restricted and elitist until well into the twentieth century, when new social groups started to demand access. Countries responded to this trend in two ways – by increasing the size and reach of public institutions, or by opening space for the private sector to fill the gaps.

Mexico and Argentina exemplify the first option. Admission to the national universities of Mexico and Buenos Aires, among the largest in the world, is free and open to all those completing secondary education, irrespective of grades or qualifications. This generosity is justified by the role universities are supposed to play in creating new opportunities, developing competence and maintaining high and alive the flames of science, culture, democracy, freedom

and social justice. There are reasons to wonder, however, whether these noble goals are being reached. It is easy for students to get in, but not as simple to succeed. Because of their size, complexity and conflicting goals, these large public institutions are often ineffectual and wasteful, although there are select pockets of quality. In Mexico, only about half the students conclude their course work, and only a third get their degrees. There is internal discrimination, based on the principles of merit but related to the social, economic and cultural origins of students.

The other option has been to limit access to public institutions through selection examinations. In principle, smaller and more selective institutions can be more efficient and keep higher standards, and this has actually occurred in many cases. Three countries in Latin America exemplify this path – Brazil, Chile and Colombia. In Brazil today, public higher education is free and absorbs about a third of the students. Chile and Colombia charge for public education, and enrol about 50 per cent and 40 per cent respectively of students. The private sector has developed in response, opening up elite institutions in niches left empty by the large public institutions as well as providing mass higher education. In practice, in all countries, public and private institutions provide both elite and mass higher education but in different degrees. In all countries in Latin America, access and, more importantly, completion of higher education is socially biased, and neither of the two modes of responding to expansion seems to provide a satisfactory solution to the problem. The provision of uniform higher education opportunities to very unequal students does not seem to be the best approach; it makes more sense to provide differentiated opportunities and learning conditions according to the needs of different segments. Private higher education can in some cases contribute to increased inequity when providing good quality education in profitable fields for students who can pay. In other circumstances, it can make higher education a little less inequitable when providing low-cost education and opportunities for students who are rejected by the entrance examinations of selective, public institutions. Appropriate student loan and subsidy schemes could compensate for differences in tuition costs. On balance, it is not obvious that countries that have adopted open admission policies are more successful in reducing inequity than those who did not.

"To serve a new social order" – values, culture and ideology

The meaning of this expression in post-apartheid South Africa does not require further elaboration. More broadly, however, it conveys the notion that higher education is not just about providing students with a profession and skills, but also with values and attitudes that contribute to countries' national and cultural identities. The historical dispute between laic elites and the Church for the control of education in Latin America was around this issue, and led to various outcomes. In Chile and Colombia, Catholic and public universities co-existed. In Mexico, the public sector dominated. In Brazil, the Catholic Church tried to take control of public education in the 1930s, but decided later on to create its own universities. In all countries, public and laic education prevailed.

Since the early twentieth century, Latin American public universities were the scene of intense political mobilisation, which infused students with the ideals of progress, democracy and social equity. Young people sensed they were the bearers of a new social order, still to be created. The 'Reform movement' – which originated in Córdoba, Argentina, in the 1910s – was marked by strong revolutionary rhetoric and became the training ground for most of the region's political elite in the following decades. The ideologies of the Reform were not very clear and consistent, but their consequences included the strengthening of university self-rule, student participation in academic governance, and policies of open admission. In the 1960s, most student leaders began to equate the future social order with socialism, and when a wave of military

authoritarian regimes swept the region they looked to Cuba and China as sources of inspiration and support. In some countries – Colombia, Peru, Venezuela – students became the leaders of long-lasting revolutionary movements, some of them still active. In others, as time went by, many of the students became teachers and professors, and continued to push forward their values and aspirations through their unions and other organisations.

Little of that happened in Church-dominated, private universities. In spite of their origin as confessional institutions, hoping to create elites that would combine professional competence with adherence to Christian principles and values, the trend for most Catholic universities was to soften their more militant stands while providing a haven for students wishing to escape the highly politicised and troubled environment of public institutions. Most private institutions established after the 1960s and 1970s are not religious and do not aspire to play any significant role in the definition and construction of a new social order. Some of them are community-based, some are charitable, and most of them are for-profit.

Higher education in Latin America continues to be fraught with conflicts and diverging interpretations about the role of public and private institutions in the promotion of broad values and agendas. Although ideological discourses remain strong in many sectors, conflicts in higher education today are less about the best social order than about the narrow interests of teacher and employee unions and the benefits and privileges of students. If higher education is to play a role in the construction of a new social order, it will be due more to concrete results in terms of education than to the ideological and political discourse developed and put forward by its leaders and participants.

"To meet pressing national needs" – service and research

There are two ways in which universities can respond to pressing needs, besides their general role as education providers – service and research.

Community work

Services are usually described as community or 'extension' work, very broad terms used to refer to different activities performed by academics and students for the benefit of the surrounding communities (Subotzky, 1999). In the past in Latin America, community work was understood as charity, with academics going to poorer communities to provide them with information, services and support. For politically active students and teachers, this kind of work was often interpreted as political mobilisation – a way to help the disadvantaged become aware of their needs, and to organise them to fight for their rights.

A special type of extension work is the health care provided by teaching hospitals. In Brazil and some other countries, teaching or university hospitals became major providers of public health care, requiring large and specialised staff and independent sources of income. In some universities, the budget and personnel of these hospitals can be as much as a third or a half of the university as a whole.

Another type of extension work, not often recognised as such, is the provision of short-term, specialised courses for non-regular students. Specialisation and extension courses can become important sources of income for public institutions working under budgetary restraints. Since they do not provide legal professional degrees, they are free from external oversight. Their certificates, however, can have market value, and these courses may be the only educational resource available to adults who want to improve their competence and skills.

In Latin America, there has been an effort by practitioners to place extension work at the very core of higher education, at the same level or higher as research and teaching. It has been described as a two-way road linking the universities with society, bringing together academic and popular knowledge, making the universities more democratic, and fostering interdisciplinarity (Nogueira, 2001, 68). In practice, however, extension has always been a minor activity in most institutions, except in areas like health where community services are an integral part of teaching. Its full potential for developing more effective and relevant education has not been the subject of adequate consideration.

Usually, private institutions are less active in extension work than public ones. They often lack the political motivation, their revenue comes mostly from regular teaching, and they tend not to offer courses in areas requiring expensive equipment and permanent services to the public. In the public sector, however, extension work can become a powerful mechanism to make institutions more responsive to short-term market demands and more businesslike in their approach to possible consumers of services and education.

Research

Most countries in Latin America define their higher education systems as Humboldtian - academic institutions where education is provided by scholars permanently engaged in research. Scientific research today, however, is a specialised activity, requiring large investments and dedicated professionals who are very different from the usual lecturer in an undergraduate teaching institution. In Latin America, as in the United States and in many European countries, research is concentrated in a few institutions, usually in association with advanced graduate programmes. Although the institutional setting is academic, the selection of research topics can be very concrete and practical. In practice, the effective contribution of university research to the solution of pressing social needs is usually not very high. On the user side, this may be due to the inability of governments, public agencies and social organisations to identify their specific research needs. On the supplier side, it may be due to the fragmented way that university research is organised, and to the differences between the values, motivations and working practices of academics and the potential buyers of their professional services.

There are, however, important exceptions to this general rule. In some fields - engineering, agriculture and economics, for example - some public universities have developed strong links with the private sector and public agencies. They develop new products and technologies, provide consultancy, and carry out analyses and studies at the request of their clients. To handle these resources, public institutions have created foundations that are flexible, provide additional income for university staff, and invest in equipment and installations. This has led to strong differences within public institutions - modern and well-equipped installations side by side with others in poor condition, and well-paid staff side by side with others limited to the basic salaries governments can provide.

One would expect private institutions to be more flexible and ready to adapt to external demands, and to respond more effectively to requests for research and technical assistance. What they may have in flexibility, however, they usually lack in density and stability. To do research, it is necessary to have highly qualified staff, equipment, and an established tradition in the field. All of that requires long-term investment, which private institutions can seldom afford. Thus, private institutions tend to stay away from research, except in some cases where narrow niches and opportunities can be found.

In short, in Latin America at least, higher education institutions have some ability to respond to pressing social needs, either through extension work or through research in public and private

institutions. This situation could be improved, but it is probably just as well that it is not. The main function of higher education institutions should be to educate the generations that pass through their halls; an excessive concern to respond to pressing needs that are the responsibility of governments and specialised agencies can lead to confusion about their core responsibilities.

"To respond to new realities and opportunities" – the challenges of the knowledge economy and globalisation

What are the new realities and opportunities to which higher education institutions have to respond? The usual answer mentions the requirements of the 'knowledge economy' and globalisation. More precisely, then, what are the requirements of the knowledge economy and how can higher education institutions respond to globalisation? What are the possible roles of public and private higher education in meeting these requirements?

It is easy, but inadequate, to answer this question with the traditional view that higher education should provide everybody with enhanced scientific and technological competencies, to better participate in an economy centred on competitiveness and innovation (Muller & Subotzky, 2001). Looking at the labor market in Latin America, we can see that traditional industrial jobs are being destroyed and not replaced by high technology alternatives which could be labour-saving and based on internationally-concentrated research. A study of the existing data and projections carried out by the United Nations Economic Commission for Latin America shows that employment for persons in professional activities is not expected to rise very significantly in the region in the foreseeable future. For eight Latin American countries, the percentage of professionals in the labour force at the end of the 1990s was 3,1 per cent. For Chile, the figure in 2000 was 8,4 per cent and the projection for 2015 is 10,4 per cent. For Brazil, the figure for 2000 is 2,1 per cent and the projection for 2015 is 3,5 per cent (Sainz & La Fuente, 2001). Most jobs that exist or are being created today are in the services, some of them complex enough to require specialised education – health, management, law, communications – but most of them requiring few or no special competencies – commerce, tourism, personal services, and the like.

Looking at higher education, we see that most students are in areas requiring at most general and 'social' skills – communication, reading and writing, some notion of administration and management (García Guadilla, 2000). The cultural and intellectual gap between science-based education and general education seems to be wider today than when CP Snow (1959) coined the 'two cultures' metaphor fifty years ago. There are those who argue that the growing gap between scientific knowledge and general culture is a distinctive feature of post-modern societies (Merelman, 2000).

It seems, therefore, that the large disparities in quality and content of higher education in Latin American institutions are congruent with the skewed demands of the labour market. Both public and private institutions, providing different kinds of education to specific segments, can play useful roles. In a limited number of the best graduate and research programmes, work takes place at high levels of competency, in full contact with the best science and technologies available in the world today. This can be achieved by a combination of very high standards, integration with international networks, and identifying niches in which countries and their best research institutions can participate. For most students in professional and semi-professional careers, however, general skills and attitudes seem to be more important than the accumulation of disembodied and out-of-date scientific facts and methodologies. To teach general skills and attitudes is easier said than done (Fallows & Steven, 2000). It should include at least the ability to read and write, to interpret data, to look for information, and to participate in social undertakings and collaborative work. It is less related to specific knowledge content than to

culture, values and attitudes. For this reason, it is not something that can be easily codified and reduced to manuals and workbooks. In order for higher education institutions, public or private, to work well, they should become moral and cultural institutions, transmitting values and attitudes not by ideological or religious indoctrination but by the living example of their academic staff. Which values and attitudes these are, and how moral and cultural institutions should be built, are questions we have to ponder without hoping to answer them here.

Is there a place for 'low quality' education?

As public and private institutions expand to provide education for students with limited educational backgrounds, without significant increases in human resources and equipment, they cannot maintain the high standards that are typical of well-endowed, elite institutions. Most private higher education in Latin America is like this, and it must be asked whether this kind of 'low quality' education has any redeeming value. A recent paper from the Inter American Development Bank argues that it does. Castro and Navarro (1999, 57) maintain that these courses perform important functions, since they add knowledge and give information to students coming from very limited backgrounds while providing them with credentials that may open new opportunities or improve their employment standing. They recognise that these course programmes are often badly taught, and that many students feel frustrated because they cannot access the professions they were hoping to enter. However, they argue that the lack of correspondence between degrees and jobs is to be expected, since these courses function mostly as providers of general education rather than of specialised competencies.

Their arguments are important in dispelling the notion that there is only one type of higher education, and in calling on policy makers to pay more attention to the positive role private and public providers are playing in opening education opportunities for persons who cannot enter more prestigious institutions. This should not be taken as an argument in favor of questionable education, but rather as a plea to learn more about what general and vocational education can actually be.

Instruments

What instruments can the public sector use to make sure that private higher education institutions – and, for that matter, public ones – perform the functions for which they were created?

Legal regulations, formal controls and education councils

Both Spain and Portugal have a long tradition of governing through very detailed legal ordinances; Latin American countries applied this in their attempts to reign over their higher education institutions. In practice, the main function of these complex legal mechanisms was to decide who would be allowed to open a university or degree programme in a given place.

With university autonomy, collective bodies such as Councils of Rectors and Councils of Education were created in many countries. These bodies function as buffers between government and the institutions, and as arenas where the interests of the different higher education sectors can be played out. Traditionally, these Councils worked like judiciary courts, with specific cases being judged to establish jurisprudence. A comparative analysis of these bodies is still to be made, but they seem to be moving in two directions. On the one hand, they have tended to evolve into policy bodies, making recommendations and developing guidelines while leaving individual decisions to the education ministries. On the other hand, they work as

legitimising bodies for new types of assessment and accreditation procedures being developed by the administration. As higher education becomes more complex and expensive, the relative power and influence of these collective bodies tends to be reduced. It is not clear, however, that central administrations have the resources and competencies to take responsibility for effective policy implementation.

Central planning and regulation

Years ago, it was assumed that it was possible to define the number of medical doctors, engineers, lawyers, nurses, librarians and other professionals a country would need, and to plan for education institutions according to these well-defined targets. This approach was typical of the socialist economies, and was also proposed for many other countries in Europe and Latin America but without much success. One of the underlying issues was whether the institutions, particularly in the private sector, were graduating more persons than were required by the job market, and whether their expansion should be contained. This was a matter of concern for professional bodies, who watched with apprehension as their ranks swelled with individuals coming from unknown institutions and with unknown abilities.

This issue used to be discussed in terms of the need to identify the 'social demand' that would exist for each profession or skill – not to be confused with short-term market demands for professional work and education. This kind of manpower planning, however, was an impossible task given the different institutional arrangements and traditions of professional work in each country, and the unpredictability of changes in technology and organisational practices (Fulton, Gordon & Williams, 1982).

Today, the main concern is not with quantitative targets for specific professions, but with the need to provide society with the proper combination of specialised, generic and 'transferable' skills. Targeting is still possible, but very differently from what was attempted in the past. Careful studies can reveal situations of too few or too many people applying, being admitted or graduating from specific fields, and governments can direct positive or negative incentives to the public and private institutions training these students. This kind of incremental fine-tuning, however, requires a level of information and clarity of objectives that no higher education authority in the Latin American region can claim to possess.

Professional corporations can influence access to their ranks through two mechanisms. One is through active participation in assessment bodies established by governments for the different subjects; the second is through independent certification procedures for students after they complete their courses. This is now common practice among lawyers and in medical specialties in many countries, and is an important departure from the old tradition in which professional certificates were issued by higher education institutions.

This separation between academic degrees and professional certification has several advantages. It frees higher education institutions to experiment and innovate, while providing an external indication of whether graduates are successful in their professions. Ideally, in a pluralist society, professional certification should not be provided by governments, but by independent professional associations competing for credibility and recognition.

Assessment

There is ample consensus today that the ability of governments to control and assure the quality of higher education institutions from above is limited at best. One alternative is to make these institutions compete for quality. This can be done in various ways – by tying public subsidies to

the quality of students the institutions can attract, as in Chile; by associating fellowships and other resources to good marks in peer review assessments; by linking salaries and other benefits to academic or teaching excellence, as is done in part in Mexico and Brazil; and by the development of national standards and assessment for undergraduate students and their institutions.

Some of the benefits and problems associated with higher education assessment can be seen in the Brazilian experience. Since the 1970s, the country has maintained a well-regarded procedure for the assessment of graduate education, based on peer review and the use of research performance indicators. The extension of this experience to undergraduate education is proving more daunting, however. Peer review, which works with some limitations for science-based research and graduate education, does not work as easily at the undergraduate level, where there are no objective indicators of results, and the standards for quality are likely to be controversial or multiple. In recent years, Brazil has pioneered a new assessment procedure – a nationwide test applied to final-year students of all professional course programmes. Individual results are kept confidential, but the averages obtained by the course programmes are published and used as a yardstick to measure their quality. This assessment has had a great impact on public opinion, and has allowed the government to move against some private programmes of exceeding low quality. There are, however, some important drawbacks. First, these tests measure only results, not added value, leading to a strong bias in favour of course programmes that are able to select the best students. Second, the contents of the examinations are defined by specialists coming mostly from elite and established institutions, leading to uniform standards that thwart differentiation. Third, the government publishes the placement of each course programme along with a normal distribution for each field, but there are no defined quality standards – the public is not informed, for instance, if one can rely on a graduate from a 'c' medical school for an appendectomy.

Other countries that have tried to implement national assessments have faced similar problems. In some places, the established universities have refused to participate; in others, the results are not published. In part, this resistance is a manifestation of the institutions' defensiveness against external assessments. But is also related to the fact that, interesting and innovative as these assessment may be, they are still too experimental and controversial to be used as the sole criterion with which to seal the fate and reputation of academic institutions.

Positive and negative roles of private provision: old assumptions and new realities

The Latin American experience suggests that we should not look at public and private education in polarised terms. Both perform useful and often complementary functions, and both have problems and drawbacks. Governments have the responsibility to regulate and look for quality and relevance in both spheres, but their ability to do so is more limited than is commonly thought.

It is common to think of the private world as governed by market competition and the public as governed by normative principles and mandates. However, markets also depend on institutions which define the 'rules of the game' and assure the good faith of the players; public institutions also compete for resources and are influenced by the private interests of their stakeholders. In recent years there has been a tendency for governments to create 'quasi markets' for the distribution of public resources. Thus, science councils routinely establish competition among researchers for their grants; students compete for places in universities, and later for jobs in

public institutions; private companies dispute bids in procurement markets established by the public sector. It is not true, therefore, that competition is inimical to the world of science, culture, academia and public life; on the contrary, it is a very important part of it. Conversely, it is not true that markets are inimical to values.

It is also not true that education and profit are always driven by opposite goals and motivations. The current legislation in Brazil permits private institutions to be for-profit or non-profit. The former have to pay taxes like any other private concern, the assumption being that they should behave like an honest business company, selling good, value-for-money education. In the public sector, outdated legislation still requires that all academics in national institutions earn the same salaries. This situation means that universities are unable to compete for talent, and often lose their best people to the private sector or institutions abroad. In practice, this extreme symmetry is compensated for by the ability of academics to increase their income through participation in research projects and consultancy work. More recently, in Brazil as well as in Mexico, the government created salary incentives to stimulate dedication to teaching and research in public institutions. Thus, the notion that people and institutions in public education and research should be financially rewarded according to their work, dedication and entrepreneurship is gaining ground.

My main proposition is that public and private higher education institutions are converging in many ways, and that this is a positive trend. As higher education becomes more expensive, and as the private sector becomes the provider of higher education for large segments of the student population, the need to treat public education as a private good (and therefore subject to tuition), and private education as a social good (and therefore eligible for support), becomes stronger.

Public institutions are changing the ways they function, and becoming more entrepreneurial in their daily activities. Universities have to compete with each other and with other social programmes in the public sector for resources. They also have to look for support from the private sector, from other government agencies, and from international donors. For this, they need to change the way they are organised, with more power going to management positions or through decentralisation into semi-independent business units associated with academic departments and institutes. Private institutions, on the other hand, have to respond to public regulations and incentives. As they become more complex and have larger staff numbers, they have to become more institutionalised and cannot be ruled any longer as pure business concerns.

This convergence is far from being complete, and it is not likely that the differences between public and private institutions will disappear. On the contrary, we can expect that the range of institutional formats and motivations will continue to increase, together with the development of better policy instruments to make sure that they all work to the best interests of society.

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